

**House File 478 - Reprinted**

HOUSE FILE 478

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 44)

(As Amended and Passed by the House March 9, 2017)

**A BILL FOR**

1 An Act relating to property tax assessments by modifying  
2 requirements for the determination of value, modifying  
3 provisions related to the property assessment appeal board  
4 by striking the future repeal of provisions relating to the  
5 board, modifying procedures and requirements for appeals to  
6 the board, and including applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 331.559, subsection 20, Code 2017, is  
2 amended to read as follows:

3 20. Apportion and collect the costs assessed by the district  
4 court against the board of review or any taxing ~~body~~ district  
5 resulting from an appeal of property assessments as provided  
6 in [section 441.40](#).

7 Sec. 2. Section 428.4, subsection 1, Code 2017, is amended  
8 to read as follows:

9 1. Property shall be assessed for taxation each year.  
10 Real estate shall be listed and assessed in 1981 and every  
11 two years thereafter. The assessment of real estate shall  
12 be the value of the real estate as of January 1 of the year  
13 of the assessment. The year 1981 and each odd-numbered year  
14 thereafter shall be a reassessment year. In any year, after  
15 the year in which an assessment has been made of all the real  
16 estate in an assessing jurisdiction, the assessor shall value  
17 and assess or revalue and reassess, as the case may require,  
18 any real estate that the assessor finds was incorrectly valued  
19 or assessed, or was not listed, valued, and assessed, in the  
20 assessment year immediately preceding, also any real estate  
21 the assessor finds has changed in value subsequent to January  
22 1 of the preceding real estate assessment year. However, a  
23 percentage increase on a class of property shall not be made  
24 in a year not subject to an equalization order unless ordered  
25 by the department of revenue. The assessor shall determine  
26 the actual value and compute the taxable value thereof as of  
27 January 1 of the year of the revaluation and reassessment. The  
28 assessment shall be completed as specified in [section 441.28](#),  
29 but no reduction or increase in actual value shall be made for  
30 prior years. If an assessor makes a change in the valuation  
31 of the real estate as provided for, [sections 441.23, 441.37,](#)  
32 [441.37A, and 441.38](#), ~~and 441.39~~ apply.

33 Sec. 3. Section 441.19, subsection 1, paragraph a, Code  
34 2017, is amended to read as follows:

35 a. Supplemental and optional to the procedure for the

1 assessment of property by the assessor as provided in this  
 2 chapter, the assessor may require from all persons required  
 3 to list their property for taxation as provided by sections  
 4 428.1 and 428.2, a supplemental return to be prescribed by  
 5 the director of revenue upon which the person shall list  
 6 the person's property. The supplemental return shall be in  
 7 substantially the same form as now prescribed by law for  
 8 the assessment rolls used in the listing of property by the  
 9 assessors. However, for assessment years beginning on or after  
 10 January 1, 2018, and unless otherwise required for property  
 11 valued by the department of revenue pursuant to chapters 428,  
 12 433, 437, and 438, a supplemental return shall not request,  
 13 and a person shall not be otherwise required to provide to the  
 14 assessor for property assessment purposes, sales or receipts  
 15 data, expense data, balance sheets, bank account information,  
 16 or other data related to the financial condition of a business  
 17 operating in whole or in part on the property if the property  
 18 is both classified as commercial or industrial property and  
 19 owned and used by the owner of the business. Every person  
 20 required to list property for taxation shall make a complete  
 21 listing of the property upon supplemental forms and return the  
 22 listing to the assessor as promptly as possible. The return  
 23 shall be verified over the signature of the person making the  
 24 return and section 441.25 applies to any person making such  
 25 a return. The assessor shall make supplemental return forms  
 26 available as soon as practicable after the first day of January  
 27 of each year. The assessor shall make supplemental return  
 28 forms available to the taxpayer by mail, or at a designated  
 29 place within the taxing district.

30 Sec. 4. Section 441.21, subsection 2, Code 2017, is amended  
 31 to read as follows:

32 2. In the event market value of the property being assessed  
 33 cannot be readily established in the foregoing manner, then  
 34 the assessor may determine the value of the property using the  
 35 other uniform and recognized appraisal methods including its

1 productive and earning capacity, if any, industrial conditions,  
2 its cost, physical and functional depreciation and obsolescence  
3 and replacement cost, and all other factors which would assist  
4 in determining the fair and reasonable market value of the  
5 property but the actual value shall not be determined by use  
6 of only one such factor. The following shall not be taken into  
7 consideration: Special value or use value of the property to  
8 its present owner, and the goodwill or value of a business  
9 which uses the property as distinguished from the value of  
10 the property as property. In addition, for assessment years  
11 beginning on or after January 1, 2018, and unless otherwise  
12 required for property valued by the department of revenue  
13 pursuant to chapters 428, 433, 437, and 438, the assessor  
14 shall not take into consideration and shall not request from  
15 any person sales or receipts data, expense data, balance  
16 sheets, bank account information, or other data related to  
17 the financial condition of a business operating in whole or  
18 in part on the property if the property is both classified as  
19 commercial or industrial property and owned and used by the  
20 owner of the business. However, in assessing property that  
21 is rented or leased to low-income individuals and families  
22 as authorized by section 42 of the Internal Revenue Code,  
23 as amended, and which section limits the amount that the  
24 individual or family pays for the rental or lease of units  
25 in the property, the assessor shall, unless the owner elects  
26 to withdraw the property from the assessment procedures for  
27 section 42 property, use the productive and earning capacity  
28 from the actual rents received as a method of appraisal and  
29 shall take into account the extent to which that use and  
30 limitation reduces the market value of the property. The  
31 assessor shall not consider any tax credit equity or other  
32 subsidized financing as income provided to the property in  
33 determining the assessed value. The property owner shall  
34 notify the assessor when property is withdrawn from section 42  
35 eligibility under the Internal Revenue Code or if the owner

1 elects to withdraw the property from the assessment procedures  
 2 for section 42 property under [this subsection](#). The property  
 3 shall not be subject to section 42 assessment procedures  
 4 for the assessment year for which section 42 eligibility is  
 5 withdrawn or an election is made. This notification must  
 6 be provided to the assessor no later than March 1 of the  
 7 assessment year or the owner will be subject to a penalty of  
 8 five hundred dollars for that assessment year. The penalty  
 9 shall be collected at the same time and in the same manner  
 10 as regular property taxes. An election to withdraw from the  
 11 assessment procedures for section 42 property is irrevocable.  
 12 Property that is withdrawn from the assessment procedures  
 13 for section 42 property shall be classified and assessed as  
 14 multiresidential property unless the property otherwise fails  
 15 to meet the requirements of [section 441.21, subsection 13](#).  
 16 Upon adoption of uniform rules by the department of revenue  
 17 or succeeding authority covering assessments and valuations  
 18 of such properties, the valuation on such properties shall be  
 19 determined in accordance with such rules and in accordance with  
 20 forms and guidelines contained in the real property appraisal  
 21 manual prepared by the department as updated from time to time  
 22 for assessment purposes to assure uniformity, but such rules,  
 23 forms, and guidelines shall not be inconsistent with or change  
 24 the foregoing means of determining the actual, market, taxable  
 25 and assessed values.

26 Sec. 5. Section 441.37A, subsection 1, Code 2017, is amended  
 27 to read as follows:

28 1. *a.* ~~For the assessment year beginning January 1, 2007,~~  
 29 ~~and all subsequent assessment years beginning before January 1,~~  
 30 ~~2021, appeals~~ Appeals may be taken from the action of the board  
 31 of review with reference to protests of assessment, valuation,  
 32 or application of an equalization order to the property  
 33 assessment appeal board created in [section 421.1A](#). However, a  
 34 property owner or aggrieved taxpayer or an appellant described  
 35 in [section 441.42](#) may bypass the property assessment appeal

1 board and appeal the decision of the local board of review to  
2 the district court pursuant to [section 441.38](#).

3 *b.* For an appeal to the property assessment appeal board to  
4 be valid, ~~written notice must be filed by the party appealing~~  
5 ~~the decision with the secretary of the property assessment~~  
6 ~~appeal board~~ a party must file an appeal with the board within  
7 twenty days after the date of adjournment of the local board  
8 of review or May 31, whichever is later. The ~~written notice~~  
9 ~~of appeal shall include a petition setting forth~~ the basis of  
10 the appeal and the relief sought. No new grounds in addition  
11 to those set out in the protest to the local board of review  
12 as provided in [section 441.37](#) can be pleaded, but additional  
13 evidence to sustain those grounds may be introduced. The  
14 assessor shall have the same right to appeal to the assessment  
15 appeal board as an individual taxpayer, public body, or other  
16 public officer as provided in [section 441.42](#). An appeal to the  
17 board is a contested case under [chapter 17A](#).

18 *c.* Filing of the ~~written notice of appeal and petition~~  
19 with the ~~secretary of the property assessment appeal board~~  
20 shall preserve all rights of appeal of the appellant, except as  
21 otherwise provided in [subsection 2](#). ~~A copy of the appellant's~~  
22 ~~written notice of appeal and petition shall be mailed by the~~  
23 ~~secretary of the property assessment appeal board to the local~~  
24 ~~board of review whose decision is being appealed.~~

25 *d.* ~~In all cases where a change in assessed valuation of one~~  
26 ~~hundred thousand dollars or more is petitioned for, the local~~  
27 ~~board of review shall mail a copy of the written notice of~~  
28 ~~appeal and petition to all affected taxing districts as shown~~  
29 ~~on the last available tax list.~~ A copy of the appellant's  
30 appeal shall be sent by the property assessment appeal board to  
31 the local board of review whose decision is being appealed.

32 *e.* The property assessment appeal board may, by rule,  
33 provide for the filing of a ~~notice of appeal and petition with~~  
34 ~~the secretary of the board~~ an appeal by electronic means. All  
35 requirements of [this section](#) for an appeal to the board shall

1 apply to an appeal filed electronically.

2 Sec. 6. Section 441.37A, subsection 2, paragraph b, Code  
3 2017, is amended to read as follows:

4 b. Each appeal may be considered by one or more members of  
5 the board, and the chairperson of the board may assign members  
6 to consider appeals. If a hearing is requested, it shall be  
7 open to the public and shall be conducted in accordance with  
8 the rules of practice and procedure adopted by the board. The  
9 board may provide by rule for participation in such hearings  
10 by telephone or other means of electronic communication.

11 However, any deliberation of the board or of board members  
12 considering the appeal in reaching a decision on any appeal  
13 shall be confidential. Any deliberation of the board or of  
14 board members to rule on procedural motions in a pending appeal  
15 or to deliberate on the decision to be reached in an appeal  
16 is exempt from the provisions of [chapter 21](#). The property  
17 assessment appeal board or any member of the board considering  
18 the appeal may require the production of any books, records,  
19 papers, or documents as evidence in any matter pending before  
20 the board that may be material, relevant, or necessary for the  
21 making of a just decision. Any books, records, papers, or  
22 documents produced as evidence shall become part of the record  
23 of the appeal. Any testimony given relating to the appeal  
24 shall be ~~transcribed~~ electronically recorded and made a part of  
25 the record of the appeal.

26 Sec. 7. Section 441.37A, subsection 3, Code 2017, is amended  
27 to read as follows:

28 3. a. The burden of proof for all appeals before the  
29 board shall be as stated in [section 441.21, subsection 3](#). The  
30 board members considering the appeal shall determine anew all  
31 questions arising before the local board of review ~~which~~ that  
32 relate to the liability of the property to assessment or the  
33 amount ~~thereof~~ of the assessment. All of the evidence shall  
34 be considered and there shall be no presumption as to the  
35 correctness of the valuation of assessment appealed from. The

1 ~~property assessment appeal board shall issue a decision in each~~  
2 ~~appeal filed with the board.~~ If the appeal is considered by  
3 less than the full membership of the board, the determination  
4 made by such members shall be forwarded to the full board  
5 for approval, rejection, or modification. If the initial  
6 determination is rejected by the board, it shall be returned  
7 for reconsideration to the board members making the initial  
8 determination. ~~Any deliberation of the board regarding an~~  
9 ~~initial determination shall be confidential.~~

10 *b.* The decision of the board shall be considered the final  
11 agency action ~~for purposes of further appeal,~~ and is subject  
12 to judicial review as provided in section 441.37B, except as  
13 otherwise provided in [section 441.49](#). ~~The decision shall be~~  
14 ~~final unless appealed to district court as provided in section~~  
15 ~~441.38.~~ A decision of the board modifying an assessment shall  
16 be sent to the county auditor and the assessor, who shall  
17 correct the assessment books accordingly. An appeal of the  
18 board's decision under section 441.37B shall not itself stay  
19 execution or enforcement of the board's decision.

20 *c.* The levy of taxes on any assessment appealed to the board  
21 shall not be delayed by any proceeding before the board, and  
22 if the assessment appealed from is reduced by the decision of  
23 the board, any taxes levied upon that portion of the assessment  
24 reduced shall be abated or, if already paid, shall, by order  
25 of the board, be refunded or credited against future property  
26 taxes levied against the property at the option of the property  
27 owner or aggrieved taxpayer.

28 *d.* If the subject of an appeal is the application of an  
29 equalization order, the property assessment appeal board shall  
30 not order a reduction in assessment greater than the amount  
31 that the assessment was increased due to application of the  
32 equalization order.

33 *e.* Each party to the appeal shall be responsible for the  
34 costs of the appeal incurred by that party.

35 **Sec. 8. NEW SECTION. 441.37B Appeal to district court from**

1 **property assessment appeal board.**

2 A party who is aggrieved or adversely affected by a final  
3 action of the property assessment appeal board may seek  
4 judicial review of the action as provided in chapter 17A.  
5 Notwithstanding section 17A.19, subsection 2, a petition for  
6 judicial review of the action of the property assessment appeal  
7 board shall be filed in the district court of the county where  
8 the property that is subject to the appeal is located.

9 Sec. 9. Section 441.38, Code 2017, is amended to read as  
10 follows:

11 **441.38 Appeal to district court from local board of review.**

12 1. Appeals may be taken from the action of the local board  
13 of review with reference to protests of assessment, to the  
14 district court of the county in which the board holds its  
15 sessions within twenty days after ~~its~~ the board's adjournment  
16 or May 31, whichever date is later. ~~Appeals may be taken from~~  
17 ~~the action of the property assessment appeal board to the~~  
18 ~~district court of the county where the property which is the~~  
19 ~~subject of the appeal is located within twenty days after the~~  
20 ~~letter of disposition of the appeal by the property assessment~~  
21 ~~appeal board is postmarked to the appellant. No new grounds~~  
22 in addition to those set out in the protest to the local board  
23 of review as provided in [section 441.37](#), ~~or in addition to~~  
24 ~~those set out in the appeal to the property assessment appeal~~  
25 ~~board, if applicable,~~ can be pleaded. Additional evidence  
26 to sustain those grounds may be introduced ~~in an appeal from~~  
27 ~~the local board of review to the district court. However, no~~  
28 ~~new evidence to sustain those grounds may be introduced in~~  
29 ~~an appeal from the property assessment appeal board to the~~  
30 ~~district court.~~ The assessor shall have the same right to  
31 appeal and in the same manner as an individual taxpayer, public  
32 body, or other public officer as provided in [section 441.42](#).  
33 Appeals shall be taken by filing a written notice of appeal  
34 with the clerk of district court. Filing of the written notice  
35 of appeal shall preserve all rights of appeal of the appellant.

1     2. ~~If the appeal to district court is taken from the action~~  
2 ~~of the local board of review, notice~~ Notice of appeal shall  
3 be served as an original notice on the chairperson, presiding  
4 officer, or clerk of the board of review after the filing of  
5 notice under subsection 1 with the clerk of district court. ~~If~~  
6 ~~the appeal to district court is taken from the action of the~~  
7 ~~property assessment appeal board, notice of appeal shall be~~  
8 ~~served as an original notice on the secretary of the property~~  
9 ~~assessment appeal board after the filing of notice under~~  
10 ~~subsection 1 with the clerk of district court.~~

11     3. The court shall hear the appeal in equity and determine  
12 anew all questions arising before the board of review that  
13 relate to the liability of the property to assessment or  
14 the amount of the assessment. The court shall consider all  
15 of the evidence and there shall be no presumption as to the  
16 correctness of the valuation or assessment appealed from. The  
17 court's decision shall be certified by the clerk of the court  
18 to the county auditor and the assessor, who shall correct the  
19 assessment books accordingly.

20     Sec. 10. Section 441.39, Code 2017, is amended by striking  
21 the section and inserting in lieu thereof the following:

22     **441.39 Notice of assessment protests and appeals to taxing**  
23 **districts.**

24     1. If a property owner or aggrieved taxpayer appeals a  
25 decision of the board of review to the property assessment  
26 appeal board or to district court and requests an adjustment in  
27 valuation of one hundred thousand dollars or more, the assessor  
28 shall notify all affected taxing districts as shown on the last  
29 available tax list.

30     2. In addition to any other requirement for providing  
31 of notice, if a property owner or aggrieved taxpayer files  
32 a protest against the assessment of property valued by the  
33 assessor at five million dollars or more or files an appeal  
34 to the property assessment appeal board or the district court  
35 with regard to such property, the assessor shall provide notice

1 to the school district in which such property is located  
2 within ten days of the filing of the protest or the appeal, as  
3 applicable.

4 Sec. 11. Section 441.40, Code 2017, is amended to read as  
5 follows:

6 **441.40 Costs, fees, and expenses apportioned.**

7 The clerk of the court shall likewise certify to the county  
8 treasurer the costs assessed by the court on any appeal from a  
9 board of review to the district court, in all cases where ~~said~~  
10 the costs are taxed against the board of review or any taxing  
11 ~~body~~ district. Thereupon the county treasurer shall compute  
12 and apportion the ~~said~~ costs between the various taxing ~~bodies~~  
13 districts participating in the proceeds of the collection of  
14 the taxes involved in any such appeal, and ~~said~~ the treasurer  
15 shall so compute and apportion the various amounts which ~~said~~  
16 the taxing ~~bodies~~ districts are required to pay in proportion  
17 to the amount of taxes each of ~~said~~ the taxing ~~bodies~~ districts  
18 is entitled to receive from the whole amount of taxes involved  
19 in each of such appeals. The ~~said~~ county treasurer shall  
20 deduct from the proceeds of all general taxes collected the  
21 amount of costs so computed and apportioned by the treasurer  
22 from the moneys due to each taxing ~~body~~ district from general  
23 taxes collected. The amount ~~so~~ deducted shall be certified to  
24 each taxing ~~body~~ district in lieu of moneys collected. ~~Said~~  
25 The county treasurer shall pay to the clerk of the district  
26 court the amount of ~~said~~ the costs so computed, apportioned,  
27 and collected by the treasurer in all cases now on file or  
28 hereafter filed in which ~~said~~ the costs have not been paid.

29 Sec. 12. Section 441.41, Code 2017, is amended to read as  
30 follows:

31 **441.41 Legal counsel.**

32 In the case of cities having an assessor, the city legal  
33 department shall represent the assessor and board of review  
34 in all litigation dealing with assessments. In the case of  
35 counties, the county attorney shall represent the assessor and

1 board of review in all litigation dealing with assessments.  
2 Any taxing ~~body~~ district interested in the taxes received from  
3 such assessments may be represented by an attorney and shall  
4 be required to appear by attorney upon written request of the  
5 assessor to the presiding officer of any such taxing ~~body~~  
6 district. The conference board may employ special counsel to  
7 assist the city legal department or county attorney as the case  
8 may be.

9 Sec. 13. Section 441.44, Code 2017, is amended to read as  
10 follows:

11 **441.44 Notice of voluntary settlement.**

12 1. The property assessment appeal board may adopt rules  
13 establishing requirements for notices of voluntary settlements  
14 in appeals before the board to be served upon affected taxing  
15 districts.

16 2. ~~No~~ A voluntary court settlement of an assessment appeal  
17 shall not be valid unless written notice thereof of the  
18 settlement shall first be served upon each of the affected  
19 taxing bodies interested in the taxes derived from such  
20 assessment districts.

21 Sec. 14. Section 443.11, Code 2017, is amended to read as  
22 follows:

23 **443.11 Procedure on appeal.**

24 The appeal provided for in [section 443.8](#) shall be taken  
25 within ten days from the time of the final action of the  
26 assessor or auditor, by a written notice to that effect to the  
27 assessor or auditor, and served as an original notice. The  
28 court on appeal shall hear and determine the rights of the  
29 parties in the same manner as appeals from the board of review,  
30 as prescribed in [sections 441.39](#) [441.38](#) and [441.43](#).

31 Sec. 15. Section 602.8102, subsection 61, Code 2017, is  
32 amended to read as follows:

33 61. Certify the final decision of the district court  
34 in an appeal of the tax assessments as provided in section  
35 ~~441.39~~ 441.37B or 441.38. Costs of the appeal to be assessed

1 against the board of review or a taxing ~~body~~ district shall be  
2 certified to the treasurer as provided in [section 441.40](#).

3     Sec. 16. REPEAL. 2005 Iowa Acts, chapter 150, section 134,  
4 as amended by 2013 Iowa Acts, chapter 123, section 62, and 2015  
5 Iowa Acts, chapter 109, section 1, is repealed.

6     Sec. 17. REPEAL. Sections 441.38A and 441.38B, Code 2017,  
7 are repealed.

8     Sec. 18. APPLICABILITY. This Act applies to assessment  
9 years beginning on or after January 1, 2018.